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C O N F I D E N T I A L MUSCAT 001125

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E.O. 12958: DECL: 12/12/2017  
TAGS: [PREL](#) [KPAL](#) [IS](#) [MU](#)  
SUBJECT: OMANI OFFICIALS WARN THAT SETTLEMENT EXPANSION  
WILL UNDERMINE ANNAPOLIS CONFERENCE GAINS

REF: MUSCAT 1120

Classified By: Ambassador Gary A. Grappo for Reasons 1.4 (b, d)

[11](#). (C) In discussing Oman's plans for the December 17 donors conference in Paris (reftel), Ministry of Foreign Affairs Secretary-General Sayyid Badr al-Busaidi told the Ambassador

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on December 12 that while financial support for the Palestinian Authority was important, it was "not enough." What was more urgently needed, he continued, was real progress toward the creation of an independent Palestinian state. This could not happen, Sayyid Badr asserted, unless the U.S. exerted its full influence on both parties, especially Israel. After hosting the successful Annapolis conference, the credibility of the U.S. in helping to broker a peace deal was now "on the line," he stated.

[12](#). (C) Sayyid Badr exhorted the U.S. to be "firmer" and "more outspoken" on the issue of Israeli settlements in particular. The announcement the previous week of new housing construction in occupied East Jerusalem, he emphasized, was a very negative development that threatened to undermine the positive gains achieved in Annapolis. Just as bad, the announcement served to legitimize the disparaging statements of "extremists" against the Annapolis conference -- such as Iranian President Ahmadinejad's pronouncement of it as a "failure" and "propaganda" -- while it "worked against moderate states." In response to a query by the Ambassador, Sayyid Badr stated that Oman had not had contact with Israeli officials since Annapolis, but that Minister Responsible for Foreign Affairs Yusef bin Alawi may meet with Israeli Foreign Minister Livni at the Paris donors conference.

[13](#). (C) Earlier in the week, Ministry of Defense Under Secretary Mohammed al-Rasbi expressed similar views about the

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potential impact of continuing Israeli settlement activity in East Jerusalem on the Annapolis process. "The Israeli settlement announcement so soon after the Annapolis conference totally undercuts what the U.S. is trying to do and strengthens Arab distrust" of U.S. intentions, argued al-Rasbi. He further claimed that the Israeli settlement action makes it harder for moderate Arab governments to speak publicly in favor of the Annapolis process.

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